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FISCAL IMPACT STATEMENT

LS 6719

BILL NUMBER: HB 1240

NOTE PREPARED: Dec 28, 2012

BILL AMENDED:

SUBJECT: Use of TIF proceeds for public safety.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a redevelopment commission outside of Marion County may use tax increment finance (TIF) proceeds to pay expenses related to public safety or to make transfers of revenue to assist a county or municipality in paying such expenses, if the redevelopment commission by resolution makes a determination that paying the expenses or transferring the revenue will enhance economic development opportunities.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under current law, proceeds from TIF allocations may be used to:

1. Pay debt service on obligations incurred for the financing of redevelopment in the allocation area;
2. Deposit funds into a debt service reserve to pay bonds;
3. Pay debt service on bonds used to pay for local improvements in or connected to the allocation area;
4. Pay premiums on early bond redemptions;
5. Make lease payments;
6. Reimburse the local unit for the cost of making local improvements;
7. Reimburse the local unit for rent paid by the unit for a building or parking facility in or connected to the allocation area;

8. Pay expenses incurred by the redevelopment commission for public improvements in or serving the allocation area;
9. Reimburse public and private parties for expenses in training employees of certain industrial facilities; and
10. Pay the cost of carrying out an eligible efficiency project within the taxing unit that established the redevelopment commission.

Under this bill, TIF proceeds could also be used to pay expenses related to public safety within the county or municipality that created the redevelopment commission. The redevelopment commission would have to pass a resolution determining that paying these expenses will enhance economic development opportunities. This bill would not affect overall TIF revenues. It would, however, allow an additional use for the proceeds.

Currently, if the amount of allocated assessed value in a TIF area exceeds the amount necessary to generate sufficient funds to meet obligations, then the excess AV must be reallocated to the affected taxing units. The reallocation of AV to the taxing units reduces tax rates and increases revenues in cumulative funds. If a redevelopment commission elects to pay public safety expenses under this bill, the amount of excess AV available for reallocation could be reduced.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Redevelopment commissions; Local civil taxing units and school corporations.

Information Sources:

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